

A reduction will not be made in the amount of reimbursement on a guaranteed loss to a purchaser, assignee, or transferee who acquired the loan before maturity for value and did not directly or by agent participate in or have prior knowledge of a fraud, forgery or misrepresentation.

§ 103.50 Loan guaranty and insurance fund.

(a) The loan guaranty and insurance fund shall be utilized for all loan guaranty and insurance operations pursuant to the regulations in this part 103. All receipts from operations including premium charges shall be deposited in this fund. All disbursements incident to administering guaranteed and insured loans shall be made from this fund. All cash, claims, notes, mortgages, contracts, and property acquired by the Secretary under this part 103 shall constitute assets of the fund. All liabilities and obligations of such assets shall be liabilities and obligations of the fund.

(b) The Commissioner will design an accounting system that will reflect at all times the financial condition of the fund and the results from its operation.

(c) Interest subsidies paid by the Commissioner pursuant to § 103.42 shall be paid from the loan guaranty and insurance fund and charged against an "interest subsidy account" as an expense of the fund.

§ 103.51 Sale or assignment of guaranteed loans.

Any guaranteed loan, including the security and guaranty certificate, may be sold to any person. The person acquiring the loan shall notify the Commissioner in writing with 30 days after acquisition. The notice will give the name of the borrower, the certificate number, the amount of principal and interest unpaid on the loan, and the security acquired. Failure of the acquirer to notify the Commissioner within 30 days of acquisition will void the guaranty unless the Commissioner authorizes an exception because of extenuating circumstances.

[40 FR 12492, Mar. 19, 1975. Redesignated at 47 FR 13327, Mar. 30, 1982, as amended at 57 FR 46475, Oct. 8, 1992]

§ 103.52 Records.

Lenders will maintain adequate records on guaranteed and insured loans made and will submit reports to keep the Commissioner informed regarding guaranteed and insured loans made. The Commissioner may prescribe the number of reports to be submitted annually, the dates, and the forms to be used for reporting. The Commissioner may have the records of lenders inspected at any reasonable time during regular business days and hours.

§ 103.53 Suspension of lenders.

Whenever the Commissioner finds that any lender or holder of a guaranty certificate or insured loan fails to maintain adequate accounting records, to demonstrate proper ability to adequately service loans guaranteed or insured, or to exercise proper credit judgment, or has willfully or negligently engaged in practices detrimental to the interests of a borrower or of the United States, he may refuse, either temporarily or permanently, to guarantee or insure any additional loans made by such lender or certificate holder. He may also bar such lender or certificate holder from acquiring additional loans guaranteed under this part 103. However, the Commissioner shall not refuse to pay a valid guaranty or insurance claim on loans previously made in good faith.

§ 103.54 Probate.

(a) The estates of deceased borrowers who die possessed of trust property or funds and who gave as security for a guaranteed or insured loan an assignment of income from trust property, a mortgage or deed of trust on trust or restricted land, or a lien on trust chattels or crops growing on trust land will be probated in accordance with the applicable regulations in subpart D of 43 CFR part 4 and in parts 16 and 17 of 25 CFR. The Superintendent or other Bureau official having jurisdiction over the trust property and trust funds of a decedent shall promptly notify the lender on receipt of information confirming the demise of a borrower. The notice may be given by furnishing the